

**BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO**

In the Matter of the Protest of	)	
	)	DOCKET NO. 17087
[Redacted]	)	
	)	DECISION
Petitioners.	)	
	)	

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On October 17, 2002, the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayers), proposing income tax, penalty, and interest for taxable year 2000 in the amount of \$3,701.

The taxpayers filed a timely protest. They did not request a hearing but did submit additional information. The Tax Commission, having reviewed the file, hereby issues its decision based upon the information contained in the file.

The taxpayers failed to file an Idaho individual income tax return for tax year 2000 even though they satisfied the filing requirements stated in Idaho Code § 63-3030. [Redacted] Idaho Code § 63-3045 (1)(a) states:

**63-3045. Notice of redetermination or deficiency -- Interest.** (1) (a) If, in the case of any taxpayer, the state tax commission determines that there is a deficiency in respect of the tax imposed by this title, the state tax commission shall, immediately upon discovery thereof, send notice of such deficiency to the taxpayer by registered or certified mail or by other commercial delivery service providing proof of delivery, whichever is the most cost efficient. The notice shall be sent to the taxpayer's last address known to the state tax commission. The notice of deficiency shall be accompanied by an explanation of the specific reason for the determination and an explanation of the taxpayer's right to appeal. Within sixty-three (63) days after such notice is mailed, the taxpayer may, at his option, file a protest in writing with the state tax commission and obtain redetermination of the deficiency.

Because the taxpayers did not file their 2000 state income tax return, the Bureau prepared a provisional return and issued a deficiency notice. [Redacted] Withholding that was identified in Tax Commission records was credited to off set a portion of the resulting tax.

The taxpayers responded with a letter of protest signed by [Redacted]. The letter said some of the income was the result of exercising a stock option. He included a copy of the Confirmation of Exercise from the [Redacted] as evidence of the terms of that transaction. The second point [Redacted] made in his protest letter was that the income shown as received by him in the federal W-2 information was inaccurate because of the expenses he had incurred as an [Redacted] agent.

The Bureau used the information provided by the taxpayers regarding the stock options to prepare an Idaho individual income tax return on behalf of the taxpayers. The Bureau sent that return to the taxpayers for them to sign and return to the Tax Commission for filing. They were asked to include [Redacted] and copies of W-2s along with the executed return. The taxpayers did not answer the letter or send the signed return back to the Bureau. The taxpayers' file was transferred to the Legal/Tax Policy Division of the Tax Commission for administrative review.

On April 15, 2003, [Redacted] telephoned the Tax Appeals Specialist to say he would be submitting additional information no later than May 1, 2003. During that conversation, he said he realized that he needed to prepare and submit a return containing accurately prepared schedules and/or forms to claim expenses he incurred as an [Redacted] agent. On May 2, 2003, [Redacted] again telephoned; he said he was having difficulty locating his information for 2000.

The taxpayers met the requirements for filing an Idaho income tax return for 2000; yet they have not filed their Idaho return. Nothing has been submitted that would cast doubt on the Bureau's amended determination, which was calculated after considering the information submitted by the

taxpayers and the taxpayers' income information [Redacted] and the records retained by the Tax Commission and the Idaho Department of Labor. The penalty and interest additions were calculated in conformity with Idaho Code §§ 63-3045 and 63-3046.

A Notice of Deficiency Determination issued by the Idaho State Tax Commission is presumed to be accurate. Parsons v. Idaho State Tax Com'n, 110 Idaho 572 (Ct. App. 1986). Having presented no information in support of their argument, the taxpayers have failed to meet their burden of proving error on the part of the deficiency determination. Albertson's, Inc. v. State, Dept. of Revenue, 106 Idaho 810 (1984).

WHEREFORE, the Notice of Deficiency Determination dated October 17, 2002, is hereby MODIFIED and, as so modified, is APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following tax, penalty, and interest for 2000:

<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
\$1,116	\$272	\$172	\$1,560

Interest is computed through July 15, 2003.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of taxpayers' right to appeal this decision is enclosed with this decision.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2003.

IDAHO STATE TAX COMMISSION

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COMMISSIONER

### **CERTIFICATE OF SERVICE**

I hereby certify that I have on this \_\_\_\_\_ day of \_\_\_\_\_, 2003, served a copy of the within and foregoing DECISION by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[Redacted]

[Redacted]

[Redacted]

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